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CONNECTICUT HOUSE DELEGATION URGES INSURANCE COMMISSIONER TO POLICE EXCESSIVE RATE INCREASES BY INSURANCE PROVIDERS

WASHINGTON, DC – The Connecticut House delegation – Reps. Joe Courtney (CT-02), Rosa DeLauro (CT-03), John Larson (CT-01), Chris Murphy (CT-05) and Jim Himes (CT-04) – sent a letter today to State Insurance Commissioner Thomas Sullivan urging that his office be vigilant of excessive rate increases by insurance providers.

Although evidence suggests that the costs associated with complying with the new health care law is negligible or small, companies like Anthem have sought exorbitant rate increases across the country and in Connecticut. Additionally, according to an August 2009 report by the Commonwealth Fund, insurance premiums for single and family plans in CT increased by 29 percent and 33 percent, respectively, between 2003 and 2008 – before the current health care law was debated.

The full text of the letter is below:

September 14, 2010

The Honorable Thomas Sullivan, Commissioner

Connecticut Department of Insurance
Market Street, Connecticut 06103

Dear Commissioner Sullivan,

Health insurance reform was a pillar of the Patient Protection and Affordable Care Act (PPACA) passed into law last March. And while the bulk of these reforms will not fully take effect until 2014, a few select insurance changes will be required of existing plans beginning in plan years after September 23, 2010. These changes include adult dependent coverage, the elimination of lifetime limits, regulated annual limits, and removal of pre-existing condition exclusions for children. While we understand that requiring additional benefits may come with some extra costs, empirical evidence suggests that the costs for these specific changes are relatively low, and in some cases negligible. In light of the pending deadline for these insurance reforms, we would encourage you to remain vigilant of excessive rate increase requests by insurance providers that surpass expected costs of these changes.

Over the summer, a number of Connecticut employers that self-insure including United Technologies Corporation (UTC), Lego, and Mohegan Sun proactively chose to adopt adult dependent coverage, prior to the implementation date. These companies, and many more like them around the country, made these changes with no additional costs to their employees. While we understand that a similar Connecticut state law was in place at the time of passage, fully adhering to the adult dependent coverage requirements under PPACA should come at very limited costs to policies under your jurisdiction in the state as demonstrated by UTC, Lego, and Mohegan Sun.

We would further note that the law provided for flexibility for adopting certain insurance reforms, where the impact on consumers would prove to be too burdensome. Specifically, the Office of Consumer Information and Insurance Oversight (OCIIO) under the Department of Health and Human Services recently released guidance for waivers of restrictions on annual benefit limits. These waivers will soon be available to insurance providers where the insurance changes would result in a decrease in access to benefits or a significant increase in premiums. The availability of waivers further underscores the unjustified nature of exorbitant rate increases.

In June, we requested that you reexamine Anthem’s premium rate increases in Connecticut following reports that incorrect data was used to determine premium rate increases requests of nearly 40 percent in California. We appreciate your efforts with reexamining Anthem’s request in Connecticut and would further request that you apply this scrutiny to premium rate increase requests for 2011 and future years. Passage of the PPACA should not be a shield for exorbitant premium increases and Connecticut’s recent receipt of a $1 million Premium Rate Review Grant should help ensure that consumer protection is prioritized.

Thank you for taking this input into consideration and we look forward to continuing dialogue on consumer protection as insurance reform implementation continues.

Sincerely,

Joe Courtney

Rosa L. DeLauro
John B. Larson

Jim Himes
Christopher S. Murphy

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